

OFFICIAL DISPATCH

25X1A6c

VIA: _____
SPECIFY AIR OR SEA POUCH

DISPATCH NO.: _____

~~CONFIDENTIAL~~
~~SECRET~~
CLASSIFICATION

DATE: 19 September 1949

TO : Foreign Branch "M"
Attn.: _____
FROM : Chief of Station, _____
SUBJECT: General -Administrative
Specific - _____ Shortage
REF : WASHT 0085

25X1A6a 1. The _____ financial control account maintained by this office consists
25X1A6a of an account to which charges are made for all advances made to _____ by us and credits
25X1A6a are given for all accountings submitted by _____ after being approved and vouchered.
25X1A6a All _____ balances reported by this office are extracts from this account. Theoretical-
25X1A6a ly it should be possible to reconcile all incoming _____ accountings to this account by
adding to their balances only amounts advanced subsequent to the period for which ac-
counting is made. In practice, due to factors, some of which will be mentioned, it
has been necessary to add variable "plug" figures to effect such reconciliation, until
it was possible to correct discrepancies involved.

25X1A6a 2. In the early period of _____ operations, due to operational necessity,
25X1A6a we were called upon to make _____ advances on short notice and in unusual manners and
25X1A6a places, which obviously complicated _____ accounting. In order to facilitate the lat-
25X1A6a ter, several times during an accounting period we would inform _____ "bookkeeper" of
previous amounts of advances and in some cases advances received in one period were
not recorded in its report, but in a latter one. Repeated advice of such advances
was furnished and, in retrospect, it would appear that money was either by-passing
25X1A6a _____ "bookkeeping" office or a shortage had developed. In all conversations on money
25X1A6a matters, however, no inkling was received of possible discrepancies in funds on hand
or amounts received from this office, with exception of a small advance of _____
_____ which was repaid without appearing on the _____ report. 25X1A6a 25X1A6a

25X1A6a 3. As result of abnormal delay, the _____ report for the period subsequent
to that in which a shortage of \$800.00 apparently occurred, was not received in the
finance office until about the middle of December 1948, at which time a possible
shortage would appear likely. Immediate reporting of such likelihood to headquarters
at that time did not appear to be the most suitable method of settling the discrep-
ancy, in view of instructions received in somewhat similar circumstances to settle
matters locally.

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CLASSIFICATION

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Class. Changed To: TS S C

Date: 26 SEP 1978

By: 21

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25X1A6a 4. A short time thereafter we were informally apprised that a
25X1A6a shortage existed in [redacted] funds. Conclusions were that the apparent shortage was
25X1A6a part of a general larger one resulting from loose handling of funds, the dis-
25X1A6a crepancy in the financial report was probably a typographical error and balances
25X1A6a of funds in the financial reports were of little significance until their true
25X1A6a status might be ascertained. Investigation of funds was conducted by COS Projects
25X1A6a Control office, which has in the past instructed bases on the preparation of
25X1A6a projects accountings and reports and the keeping of base funds. Collaboration of
25X1A6a Finance Office in this investigation consisted of furnishing the [redacted] account and
25X1A6a subsidiary records to the investigator for use, devising a set of disbursing ac-
25X1A6a counts designed to give the [redacted] and [redacted] offices better financial control, furnish-
25X1A6a ing balances of the [redacted] account as requested and asking that Headquarters return
25X1A6a certain voucher receipts for use of the investigator.

25X1A6a 5. Although the point was not specifically mentioned it was the
25X1A6a belief of the writer that before results of the investigation were submitted in
25X1A6a final form they would be balanced against the [redacted] control account and he would
25X1A6a participate in their reconciliation. This belief was strengthened by comment from
25X1A6a headquarters on a preliminary summary of the shortage, which was seen and interpret-
25X1A6a ed as meaning that the net discrepancy found would be transferred to a suspense
25X1A6a account there, which would seem to involve of a voucher in the Finance Office based
25X1A6a on the report of the investigation. With receipt of the [redacted] accounting for June 1949,
25X1A6a which was processed around the first of August, changes were found to have been made
25X1A6a in the opening currency balances. Questioning revealed that a final report, on which
25X1A6a changes of currency balances had been based, was previously forwarded to headquarters.
25X1A6a Not being listed on the distribution of such report, Finance was not aware of its
25X1A6a completion. After effecting adjustments indicated in this report and using currency
25X1A6a differences found therein as a reconciling figure, a difference still existed in the
25X1A6a amount of \$800.00 and headquarters was forthwith advised of it.

25X1A6a 6. Factors contributing to the failure of the report to detect the
25X1A6a shortage of \$800.00 appear to be: (1) As base of departure of the investigation there
25X1A6a was taken a presumed balance of the [redacted] account as of 1 July 1948 rather than the
25X1A6a actual beginning of operations in March of that year; (2) Findings of completed re-
25X1A6a port were not reconciled with [redacted] control account prior to submission to headquarters

25X1A9a

FBM -2
COS -1
REG -1
FIN -1

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